

**Memorandum**

Date SEP 22 1999

From June Gibbs Brown
Inspector General *June G Brown*

Subject Review of Costs Claimed by Dr. Pila Foundation Home Care Program In Ponce,
Puerto Rico (A-02-97-01034)

To Nancy-Ann Min DeParle
Administrator
Health Care Financing Administration

Attached are two copies of our final report entitled "Review of Costs Claimed by Dr. Pila Foundation Home Care Program in Ponce, Puerto Rico." This report provides you with the results of our review of Medicare home health claims submitted by the home health agency Dr. Pila Foundation Home Care Program in Ponce, Puerto Rico (Dr. Pila HHA).

We randomly selected for review 100 claims submitted by Dr. Pila HHA for Medicare reimbursement during its Fiscal Year (FY) ended June 30, 1996. These claims were for 699 services provided to 96 Medicare beneficiaries. Our review disclosed 87 claims which contained 502 services that were unallowable for Medicare reimbursement for 1 or more of the following reasons:

- ▶ did not have valid physician orders;
- ▶ did not have evidence that a medical service was performed;
- ▶ rendered to beneficiaries who, in the opinion of medical experts, were not homebound;
- ▶ were not, in the opinion of medical experts, reasonable and necessary; and
- ▶ did not meet the intermittent criteria related to skilled nursing.

Of the 502 unallowable services summarized above, 97 services included on 32 claims, had multiple reasons for disallowance.

For FY ended June 30, 1996, Dr. Pila HHA claimed reimbursement for 47,632 services on 5,263 claims. Based on the results of our review, we estimate that at least \$857,208 is ineligible for Medicare reimbursement. Using the 90 percent confidence interval, we believe the overpayment is between \$857,208 and \$1,238,073.

We recommend that the Health Care Financing Administration (HCFA) instruct the regional home health intermediary (RHHI) to recover the estimated overpayment of \$857,208 for the period July 1, 1995 through June 30, 1996, and to audit claims for subsequent periods and collect any additional overpayments identified. We further recommend that HCFA take steps to ensure home health services billed to Medicare by Dr. Pila HHA have the proper authorization, appropriate supporting documentation, and are otherwise allowable for reimbursement. These steps should include requiring the RHHI to monitor more closely the claims submitted by Dr. Pila HHA and to conduct subsequent periodic in-depth reviews of its claims. We also recommend that HCFA instruct the RHHI to audit the related Dr. Pila HHA in Yauco, Puerto Rico to evaluate its Medicare payments.

In its written response to our draft report, HCFA concurred with our recommendations. The complete text of HCFA's response is presented as APPENDIX C.

We would appreciate your views and the status of any further action taken or contemplated on our recommendations within the next 60 days. If you have any questions, please call me or have your staff contact George M. Reeb, Assistant Inspector General for Health Care Financing Audits, at (410) 786-7104.

To facilitate identification, please refer to Common Identification Number A-02-97-01034.

Attachments

Department of Health and Human Services

**OFFICE OF
INSPECTOR GENERAL**

**REVIEW OF COSTS CLAIMED
BY DR. PILA FOUNDATION
HOME CARE PROGRAM IN
PONCE, PUERTO RICO**



JUNE GIBBS BROWN
Inspector General

SEPTEMBER 1999
A-02-97-01034

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Subject Review of Costs Claimed by Dr. Pila Foundation Home Care Program In Ponce,
Puerto Rico (A-02-97-01034)

To Nancy-Ann Min DeParle
Administrator
Health Care Financing Administration

This final report provides you with the results of our audit of Dr. Pila Foundation Home Care Program in Ponce, Puerto Rico (Dr. Pila HHA). Our audit was performed under the auspices of Operation Restore Trust (ORT) and included working closely with and receiving considerable assistance from our ORT partner, United Government Services (UGS), the regional home health intermediary (RHHI) for this home health agency (HHA).

OBJECTIVE

The audit objective was to determine whether home health care services claimed by Dr. Pila HHA met Medicare reimbursement guidelines.

SUMMARY OF FINDINGS

We estimate that, of the \$2.0 million claimed by Dr. Pila HHA for its Fiscal Year (FY) ended June 30, 1996, at least \$857,208 was for services which did not meet Medicare guidelines. Using the 90 percent confidence interval, we believe the overpayment is between \$857,208 and \$1,238,073. We found that 87 of 100 home health claims reviewed, containing 502 of 699 services, were not reimbursable under Medicare. The 502 services were found to be unallowable for 1 or more of the following reasons:

- ✓ did not have valid physician orders;
- ✓ did not have evidence that a medical service was performed;

- ✓ rendered to beneficiaries who, in the opinion of medical experts, were not homebound;
- ✓ were not, in the opinion of medical experts, reasonable and necessary; and
- ✓ did not meet the intermittent criteria related to skilled nursing.

Of the 502 unallowable services, 97 services included on 32 claims, had multiple reasons for disallowance. A summary of the reasons for disallowance is provided in APPENDIX A of this report.

We believe our findings clearly indicate a serious lack of compliance by Dr. Pila HHA with Medicare regulations and controls. The reasons why Dr. Pila HHA submitted inappropriate claims to the RHHI which were ultimately paid included:

- ✓ inadequate controls related to determining the eligibility of beneficiaries and services and obtaining of proper physician authorizations, and
- ✓ the lack of active physician involvement in the authorization of home health services and lack of physician knowledge of Medicare regulations regarding home health services.

We are recommending the Health Care Financing Administration (HCFA):

- ✓ Instruct UGS to recover the estimated overpayment of \$857,208 for the period July 1, 1995 through June 30, 1996.
- ✓ Instruct UGS to audit Dr. Pila HHA claims for subsequent periods of time and collect any additional overpayments identified.
- ✓ Take steps to ensure that home health services currently billed to Medicare by Dr. Pila HHA have the proper authorization, appropriate supporting documentation, and are otherwise allowable for reimbursement. These steps should include requiring UGS to monitor more closely the claims submitted by Dr. Pila HHA and to conduct subsequent periodic in-depth reviews of its claims.
- ✓ Instruct UGS to audit the Dr. Pila related HHA in Yauco, Puerto Rico to evaluate its Medicare payments.

In its written comments to our draft report, HCFA concurred with our recommendations. The complete text of HCFA's response is presented as APPENDIX C to this report.

BACKGROUND

Dr. Pila Foundation Home Care Program

The Dr. Pila HHA in Ponce, Puerto Rico, which is the subject of this review, is one of two Medicare certified hospital-based HHAs with the same name which are owned and operated by the "Fundacion Dr. Manuel de la Pila Iglesias, Inc." (Foundation) which has its home offices in Ponce, Puerto Rico. The other HHA operated by the Foundation is located in Yauco, Puerto Rico. The Foundation is a not-for-profit corporation organized under the laws of the Commonwealth of Puerto Rico. Besides the two HHAs, the Foundation operates the Dr. Pila Hospital, an acute care hospital, and Housing for the Elderly, a subsidized low-income rental housing project for the elderly. The Dr. Pila HHA in Ponce is located on the premises of Dr. Pila Hospital.

A Medicare certified agency, such as Dr. Pila HHA, can either provide home health services itself or make arrangements with other medical providers to render home health services. Such services are rendered to Medicare beneficiaries during visits to their residences. The majority of services were provided by Dr. Pila HHA employees, although 41 percent of the services included in our sample review were provided under subcontracts with other medical professionals and billed to Medicare by the Dr. Pila HHA.

For FY ended June 30, 1996, Dr. Pila HHA provided 48,095 home health services of which 47,632 or 99 percent were Medicare services. The Dr. Pila HHA was reimbursed by UGS for services to Medicare beneficiaries under the periodic interim payments method on an estimated cost per visit. The interim payments were then adjusted to actual costs based on the annual cost report filed with the Medicare Part A intermediary. Cooperativa de Seguros de Vida (Cooperativa). For FY ended June 30, 1996, Dr. Pila HHA received interim reimbursement from Medicare totaling \$2.8 million. After Cooperativa completed its audit of the hospital cost report, this amount was adjusted to reflect Dr. Pila HHA's actual costs of \$2.0 million.

Authority and Requirements for Home Health Services

The legislative authority for coverage of home health services is contained in sections 1814, 1835, and 1861 of the Social Security Act; governing regulations are found in 42 CFR, and HCFA coverage guidelines are found in the HHA Manual.

Regional Home Health Intermediary Responsibilities

The HCFA contracts with RHHIs, usually large insurance companies, to assist them in administering the home health benefit program. The RHHI for Dr. Pila HHA is UGS located in Milwaukee, Wisconsin.

The RHHI is responsible for:

- ✓ processing claims for HHA services,
- ✓ performing liaison activities between HCFA and the HHAs,
- ✓ making interim payments to HHAs, and
- ✓ conducting audits of cost reports submitted by non-hospital based HHAs. Since Dr. Pila HHA is a hospital-based HHA, this function is performed by Cooperativa.

SCOPE AND METHODOLOGY

The objective of our audit was to determine whether the home health care services claimed by Dr. Pila HHA met the Medicare reimbursement guidelines. The audit was performed under ORT, in partnership with UGS.

For FY ended June 30, 1996, Dr. Pila HHA claimed reimbursement for 47,632 services on 5,263 claims. We reviewed a statistical sample of 100 claims totaling 699 services and \$27,670 in covered charges for 96 different individuals (4 individuals appeared twice in the sample). We are reporting the overpayment projected from this sample at the lower limit of the 90 percent confidence interval. APPENDIX B contains the details of our sampling methodology. We used applicable laws, regulations, and Medicare guidelines to determine whether the services claimed met the reimbursement guidelines.

Generally, for each of the 100 claims, we interviewed:

- ✓ the beneficiary or a knowledgeable acquaintance, and
- ✓ the physician who certified the plan of care.

We interviewed beneficiaries or knowledgeable acquaintances associated with 99 of the 100 claims; 1 beneficiary could not be located for the interview. We were unable to interview four certifying physicians related to five cases because one was deceased and three could not be located.

In addition, we reviewed and made copies of pertinent supporting medical records maintained by Dr. Pila HHA for all 100 claims in our sample. The interview forms and copied medical records were also reviewed by UGS medical personnel to determine if the beneficiary was homebound, whether all services provided were reasonable and necessary and covered by the proper authorization, and whether there was adequate medical documentation for services billed.

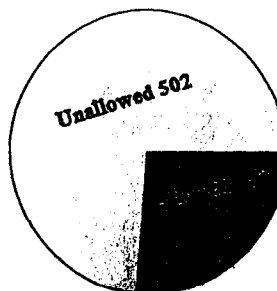
Our audit was conducted in accordance with generally accepted government auditing standards. We conducted a limited review of Dr. Pila HHA's internal controls over determining the eligibility of beneficiaries and services for Medicare coverage, the authorization of services by physicians, and the billing of services to Medicare. These controls were further evaluated through our substantive testing.

Our field work was performed at Dr. Pila HHA's administrative office in Ponce, Puerto Rico. Interviews were conducted in the beneficiaries' residences and physicians' offices when appropriate, otherwise at locations selected in mutual agreement or via the telephone. Copied beneficiary records were reviewed by UGS personnel at its headquarters in Milwaukee, Wisconsin. Our field work was completed in January 1999.

DETAILED RESULTS OF REVIEW

Eighty-seven of the 100 claims in our random sample, containing 502 of 699 services and \$19,906 of \$27,670 tested, did not meet the Medicare reimbursement requirements. Based on these results, we estimate that Dr. Pila HHA claimed between \$857,208 and \$1,238,073 for services that were unallowable for Medicare reimbursement. The midpoint of the confidence interval amounted to \$1,047,641. Our tests were based on simple random sampling techniques and the ranges shown have a 90 percent level of confidence with a sampling precision as a percentage of the midpoint of 18.18. The reasons that the services were deemed to be unallowable are summarized in APPENDIX A and are discussed below.

Review of 699 Dr. Pila HHA Services
July 1, 1995 - June 30, 1996



Requirements for Provision of Home Health Services

The Medicare home health benefit allows people with restricted mobility to remain non-institutionalized and receive needed care at home. To qualify for home health benefits a beneficiary must be:

- ✓ confined to home except for infrequent or short absences or trips for medical care;
- ✓ under the care of a physician who is a doctor of medicine, osteopathy, or podiatric medicine; and
- ✓ in need of one or more of the following qualifying services: skilled nursing, physical therapy, or speech pathology.

Services Without Valid Physician Orders

Our review disclosed that the majority of services included in our sample were rendered and billed without valid physician orders.

Regulations at 42 CFR 424.22 state, in part: “Medicare Part A and B pays for home health services only if a physician certifies and recertifies...” that “(iii) A Plan for furnishing the services has been established and is periodically reviewed by a physician....” The plan of care must be established and certified by a physician initially and the certification must be updated at least once every 2 months. Furthermore, the Medicare regulations require that the plan of care be signed and dated by a physician before the bill is submitted to the RHHI for payment. In that regard, 42 CFR 409.43 (c) states:

“Physician signature. The plan of care must be signed and dated by a physician who meets the certification and recertification requirements of Sec. 424.22 of this chapter. The plan of care must be signed by the physician before the bill for services is submitted. Any changes in the plan must be signed and dated by the physician.”

The above requirements for certifying physician signature and the need for the order to be dated are reiterated in the HHA Manual sections 204.2.D and 234.7.27.

We found that:

- ✓ Plans of care signed by a physician were not always dated.
- ✓ Plans of care were not always signed by a physician.
- ✓ Services were billed to Medicare before the plan of care was signed.
- ✓ Plans of care did not always include an order for a skilled service.

The primary reason that the physician orders were not valid was that the physicians did not date the plans of care when they signed them. The lack of a date on a significant percentage of the plans of care reviewed indicates problems in the timely preparation of the plans of care. For example, based on interviews of 34 of 36 physicians who did not date the plan of care when they signed it (2 physicians were not interviewed because they could not be located), we learned that 3 physicians were told by Dr. Pila HHA personnel not to date the plan of care and 1 physician stated that Dr. Pila HHA did not provide him the plan of care until after the expiration of the period covered by the plan. The balance of the physicians provided general-type excuses for not dating the plans of care they signed, such as they were too busy, the date was omitted due to an oversight, they generally do not date documents, or they were not aware of the importance of the date.

During the period of our review (July 1, 1995 through June 30, 1996), Dr. Pila HHA did not have a control showing when plans of care were prepared or signed. However, the personnel at Dr. Pila HHA apparently recognized that a problem existed because in December 1996, 6 months after our audit period, Dr. Pila HHA staff started to keep a control log identifying when the plans of care were prepared and when they were signed by the certifying physician. We analyzed this control log for the period from December 1996 through March 1997, and found that 543 of 944 plans of care (58 percent) were signed by the physician after the expiration of the service period covered by the plan of care. Furthermore, we judgementally selected 30 of the 543 plans of care and compared the date signed, as indicated on the control log, to the date the related claim was submitted to UGS. We found that the Dr. Pila HHA had billed for services before the plan of care was signed on 24 of the 30 plans (80 percent).

Based on the above, we believe that during, and subsequent to our audit period, Dr. Pila HHA had a significant and chronic problem in the timely preparation of the plans of care and submission of claims prior to establishment of plans of care.

Services Not Documented

Not all the medical records contained evidence, in the form of a progress note or activity sheet, that a medical service had been rendered. Section 484.48 of 42 CFR states: "A

clinical record containing pertinent past and current findings in accordance with accepted professional standards is maintained for every patient receiving home health services. In addition to the plan of care, the record contains ...activity orders; signed and dated clinical and progress notes....”

For each service date billed, UGS staff checked to ensure that an activity sheet for aide services or skilled note for all other visits existed to support that a medical service had been provided. If a note or activity sheet did not exist for the visit, the service was considered ineligible for Medicare reimbursement.

Services to Beneficiaries Who Were Not Homebound

Services were provided to beneficiaries who were not homebound at the time the services were provided. The determinations that beneficiaries were not homebound were made by RHHI medical experts based on their review of the beneficiaries’ case records, and information gathered during our interviews with the beneficiaries and the certifying physicians.

The regulations at 42 CFR 409.42 provide that the individual receiving home health benefits must be “...confined to the home or in an institution that is neither a hospital nor primarily engaged in providing skilled nursing or rehabilitation services....” 42 CFR 424.22 states that Medicare pays for home health services only if a physician certifies the services are needed and that the individual is homebound. The Medicare HHA Manual at section 204.1 contains guidance regarding the “homebound” requirement. In general, this section indicates the condition of the beneficiary should be such that there exists a normal inability to leave the home and consequently leaving the home would require a considerable and taxing effort. Furthermore, if the beneficiary does leave the home, he/she may still be considered homebound if the absences are infrequent or for periods of relatively short duration, or are attributable to the need to receive medical treatment.

Within the medical records or based on interviews with beneficiaries or their families, we found evidence that the beneficiaries could leave their homes without considerable effort at the time the home health services were provided. For example:

- ✓ In one case, a relative of a deceased beneficiary indicated that during the period that services were rendered by Dr. Pila HHA, the beneficiary was able to ambulate in and outside the house without the use of any supportive devices, and attended various functions outside his home. Furthermore, the RHHI reviewer determined that based on the evidence in the medical record, the beneficiary did not have any functional limitations, was alert and communicative, and did not have any identified muscular skeletal irregularities.

- ✓ In another case, the beneficiary stated that at the time he was receiving the services, he was able to ambulate without the assistance of any supportive devices and even drove his car. He further stated that his condition never confined him to his home. The RHHI reviewer determined that it was clear that the beneficiary was independent and demonstrated the ability to receive his health care outside rather than at his home. In addition, the RHHI reviewer stated that the Dr. Pila HHA's medical records had limited documented information on the homebound status of the beneficiary.

Services Not Reasonable and Necessary

Services included in our sample were not always reasonable and necessary, in the opinion of the RHHI's medical experts. Regulations at 42 CFR 409.42 provide that the individual receiving home health benefits must be "...in need of intermittent skilled nursing care or physical or speech therapy...." Section 203.1 of the HHA Manual states the beneficiary's health status and medical need as reflected in the plan of care and medical records provide the basis for determination as to whether services provided are reasonable and necessary.

As stated above, medical personnel at UGS made the determinations concerning the reasonableness and necessity of services included on each claim. We provided them with our interview data and the information copied from the case files for each of the 100 sample claims and they reviewed this material to make their determinations.

Services in this category were deemed unreasonable and unnecessary for the following reasons:

- ✓ Patient's condition improved; and
- ✓ The qualifying skilled service was determined to be unnecessary.

Intermittent Criteria Not Met

The RHHI's medical experts found that all the services contained on one claim included in our sample were not in compliance with the intermittent eligibility criteria. Specifically, for these services, RHHI personnel determined that, "The finite and medically predictable endpoints given in the plan of care was nine weeks." However, RHHI personnel found that the documentation in the medical record did not demonstrate a medically predictable end to daily care, as such the services were not covered as they were not intermittent.

The regulations at 42 CFR 409.42 provide that the individual receiving home health benefits must be "...in need of intermittent skilled nursing care or physical or speech therapy...." Furthermore, section 205.1C of the HHA Manual indicates "To meet the requirement for 'intermittent' skilled nursing care, a patient must have a medically predictable recurring need for skilled nursing services." Additionally, section 206.7B of the HHA Manual, in pertinent part, defines "intermittent" as care which is "...provided on less than daily basis..." and "Up to and including full time...for temporary, but not indefinite, periods of time..."

Effect

In summary, our review of a sample of 100 home health claims representing a total of 699 services showed that 87 claims contained 502 services which were not reimbursable under Medicare. We estimate with 95 percent confidence that Dr. Pila HHA was overpaid by at least \$857,208 for FY ended June 30, 1996.

Causes

The unallowable home health services disclosed by our review occurred because of the inadequacy of both Dr. Pila HHA and existing Medicare program controls. We found that Dr. Pila HHA's controls related to determining the eligibility of beneficiaries and services for Medicare coverage, the obtaining of proper physician authorizations, and the billing of services to the Medicare program were not sufficient to ensure claims submitted for payment were for allowable services. Further, HCFA relies on the treating physicians to ensure services are provided only to eligible beneficiaries; i.e., to act as "gatekeepers". However, we found the physicians in our review were not fulfilling this responsibility and depended primarily on Dr. Pila HHA personnel to make these determinations.

Inadequate Dr. Pila HHA Controls--As the result of our (and UGS personnel) review, 502 services, of a total of 699 in the sample, were determined to be unallowable. In our opinion, one cause of this significant level of errors was the lack of adequate Dr. Pila HHA controls over the authorization, provision, and billing of home health services.

During our site visit, we were informed by Dr. Pila HHA officials that there were policies and procedures in effect to ensure the proper physician authorization of services, the provision of services only to homebound beneficiaries who needed them, and the appropriate billing of services to Medicare. However, based on our review and the significance of our findings, it is apparent these controls were not sufficient to ensure Dr. Pila HHA's compliance with Medicare program requirements.

Inadequate Physician Involvement--The Medicare program recognized the physician would have an important role in determining utilization of home health services. The

law indicates that payment can be made only if a physician certifies the need for services and establishes a plan of care.

We interviewed the authorizing physicians for 95 of the 100 sample claims. The interviews disclosed that often the physicians' involvement in home health care was limited to signing plans of care prepared by Dr. Pila HHA without their own face-to-face evaluation of the patients to assess their needs and homebound status. In most cases, the staff of Dr. Pila HHA determined the need, type, and frequency of home health visits without the physicians' active participation.

The physicians' interviews disclosed inadequate involvement in the preparation of plans of care and the determination of homebound status. For example,

- ✓ Only 1 of the physicians interviewed indicated that he had prepared the plan of care, and in 94 instances, the physician relied on Dr. Pila HHA to prepare it.
- ✓ In 21 of the 95 cases, the physician was not familiar with the Medicare criteria that requires a beneficiary to be homebound in order to receive home health services.

Currently, Medicare does not require physicians to personally examine their patients before signing certifications for home care. Thus, the failure of physicians to personally examine their patients does not render the home care unallowable. However, we believe the lack of active, informed physician involvement in the assessment of their patients' needs and homebound status was a contributing cause of the unallowable services disclosed by our review. The fact that the physicians did not fulfill the "gatekeeping" responsibilities assigned to them by the Medicare regulations created a vulnerability which worsened the impact of Dr. Pila HHA's lack of adequate controls.

Further, our findings related to the lack of physician involvement in the authorization of home health care services are similar to those discussed in our earlier report to HCFA entitled *Review of Medicare Home Health Services in California, Illinois, New York and Texas (A-04-96-02121)*. That review found that too often the physician's involvement in home health care was limited to signing plans of care prepared by the HHAs without proper evaluation of the patients to assess their needs and homebound status. It was also found that HHAs were determining the need, type, and frequency of home health services without physician participation.

RECOMMENDATIONS

We recommend that HCFA:

- ✓ Instruct UGS to recover the estimated overpayment of \$857,208 for the period July 1, 1995 through June 30, 1996.
- ✓ Instruct UGS to audit Dr. Pila HHA claims for subsequent periods of time and collect any additional overpayments identified.
- ✓ Take steps to ensure that home health services currently billed to Medicare by Dr. Pila HHA have the proper authorization, appropriate supporting documentation, and are otherwise allowable for reimbursement. These steps should include requiring UGS to monitor more closely the claims submitted by Dr. Pila HHA and to conduct subsequent periodic in-depth reviews of its claims.
- ✓ Instruct UGS to audit the Dr. Pila related HHA in Yauco, Puerto Rico to evaluate its Medicare payments.

HCFA's Comments

In its written response to our draft report, HCFA concurred with our recommendations. The complete text of HCFA's response is presented as APPENDIX C.

APPENDICES

Dr. Pila Foundation Home Care Program (Ponce)
Summary of Results of Medical Review

				Reasons That Services Were Found To Be Non-Covered								
				Services Without a Valid Physician Order*				Not Documented	Not Home-bound	Not Medically Reasonable and Necessary	Intermittent Criteria Not Met	
				POC Signed But Not Dated	POC Not Signed Or Dated	Services Billed Before POC Signed	Visits Not Covered By Orders					
Case Count	Number Of Services On Claim	Overall Service Review Results										
		Covered	Non-Covered									
1	1		1	x				X				
2	9	5	4				x	X	X			
3	12		12	x				X	X			
4	4		4	x				X			X	
5	20		20	x				X	X		X	
6	1		1	x				X				
7	3		3		x			X				
8	4		4	x				X				
9	7		7	x				X	X			
10	6	6										
11	3	3										
12	9		9	x				X				
13	3		3	x				X				
14	12		12	x				X		X	X	
15	8		8	x				X	X	X	X	
16	2		2	x				X			X	
17	1		1								X	
18	6		6		x			X	X			
19	1		1	x				X				
20	12		12	x				X				
21	1		1	x				X	X		X	
22	1		1	x				X		X	X	
23	3		3	x				X	X	X	X	
24	7		7	x				X	X		X	
25	1	1										
26	1		1	x				X				
27	1		1		x			X				
28	1		1	x				X				
29	3		3	x				X	X	X	X	
30	4		4	x				X		X	X	
31	6		6	x				X				
32	1	1										
33	4		4	x				X		X	X	
34	3		3	x				X				
35	12	6	6	x				X	X			
36	6		6	x				X				
37	5		5	x				X				
38	4	4										
39	7		7	x				X				
40	17		17	x				X	X			
41	2		2	x				X				
42	4		4	x				X	X			
43	12		12			x		X				
44	8		8	x				X				
45	3		3	x				X				
46	5		5	x				X			X	

Dr. Pila Foundation Home Care Program (Ponce)
Summary of Results of Medical Review

Case Count	Number Of Services On Claim	Overall Service Review Results		Reasons That Services Were Found To Be Non-Covered							
				Services Without a Valid Physician Order*				Not Documented	Not Home-bound	Not Medically Reasonable and Necessary	Intermittent Criteria Not Met
		Covered	Non-Covered	POC Signed But Not Dated	POC Not Signed Or Dated	Services Billed Before POC Signed	Visits Not Covered By Orders				
47	13		13	x				X		X	
48	9		9	x				X	X		
49	10		10	x				X	X		
50	4		4	x				X			
51	3		3	x				X			
52	6		6	x				X			
53	3		3	x				X			
54	5		5	x				X		X	
55	3		3	x				X			
56	13		13	x				X			
57	2	1	1				x	X			
58	12	7	5	x				X	X		
59	2		2			x		X			
60	4		4	x				X			
61	4		4	x				X			
62	25		25	x				X			
63	3	3									
64	5	5									
65	11	1	10		x			X			
66	17		17	x				X			
67	38		38								X
68	5		5	x				X	X		
69	2		2	x				X			
70	3	3									
71	2		2	x				X			
72	2		2	x				X			
73	7		7	x				X			
74	2		2		x			X	X	X	
75	4	4									
76	14	14									
77	7		7	x				X			
78	6	6									
79	5	4	1			x		X			
80	4		4	x				X			
81	1	1									
82	2		2						X		
83	3		3			x		X	X		
84	3		3	x				X			
85	2		2	x				X			
86	5		5						X		
87	43	39	4		x			X	X		
88	3		6	x				X		X	
89	4	2	2			x		X			
90	34	33	1						X		
91	2		2						X	X	
92	6		6	x				X	X		

Dr. Pila Foundation Home Care Program (Ponce)
Summary of Results of Medical Review

				Reasons That Services Were Found To Be Non-Covered							
Case Count	Number Of Services On Claim	Overall Service Review Results		Services Without a Valid Physician Order*				Not Documented	Not Home-bound	Not Medically Reasonable and Necessary	Intermittent Criteria Not Met
		Covered	Non-Covered	POC Signed But Not Dated	POC Not Signed Or Dated	Services Billed Before POC Signed	Visits Not Covered By Orders				
93	47	47									
94	3		3	x				X			
95	8		8	x				X			
96	9		9	x				X			
97	3		3	x				X			
98	6		6	x				X			
99	2		2	x				X	X	X	
100	9	1	8	x				X	X		
	699	197	502								

*Column summarizes preceeding four columns.

SAMPLING METHODOLOGY

Objective:	To determine whether home health services claimed by Dr. Pila Foundation Home Care Program in Ponce, Puerto Rico (Dr. Pila HHA) met Medicare reimbursement guidelines.
Population:	The universe consisted of 5,263 claims for which Dr. Pila HHA reported \$2.0 million in costs for FY ended June 30, 1996.
Sampling Unit:	The sampling unit was a paid home health claim for a Medicare beneficiary. A paid claim may include multiple home health service visits.
Sampling Design:	A simple random sample was used.
Sample Size:	A sample of 100 paid claims representing 699 services and \$27,670.
Source of Random Numbers	Department of Health and Human Services, Office of Inspector General, Office of Audit Services Random Number Generator
Estimation Methodology:	<p>We used the cost per visit for each type of service as contained in Dr. Pila HHA's FY ended June 30, 1996 audited cost report. The amount of error for a sampling unit was computed by multiplying the number of each type of unallowed service by the applicable cost per visit contained in Dr. Pila HHA's FY ended June 30, 1996 audited cost report.</p> <p>Using the Department of Health and Human Services, Office of Inspector General, Office of Audit Services Variables Appraisal Program, we estimated the overpayments on claims for services that either did not meet reimbursement requirements, were not authorized, or were not documented.</p>

Deputy Administrator
Washington, D.C. 20201

DATE: AUG - 6 1999

TO: June Gibbs Brown
Inspector GeneralFROM: Michael M. Hash
Deputy AdministratorSUBJECT: Office of Inspector General (OIG) Draft Report: "Review of Costs Claimed
by Dr. Pila Foundation Home Care Program," (A-02-97-01034)

Thank you for the opportunity to comment on the above-referenced report related to unallowable claims for Medicare reimbursement submitted by the home health agency, Dr. Pila Foundation Home Care Program in Ponce, Puerto Rico.

The OIG review of 100 randomly selected claims for the Dr. Pila Foundation Home Health Agency (HHA) disclosed 87 claims that contained 502 services which did not meet Medicare reimbursement requirements. The majority of the home health services were not allowable due to the finding that the services were provided without valid physician orders. HCFA's survey and certification protocol for HHAs includes a review of medical records to ensure that a patient's care follows a written plan of care established and periodically reviewed by a doctor of medicine, osteopathy, or podiatric medicine (42 CFR 484.18). We will continue to cite HHAs for deficient practices and require a plan of correction, if they are not in compliance with this requirement. We will also continue to instruct state survey agency surveyors to report suspected fraud and abuse practices to the appropriate authorities.

We concur with the report recommendations. Our specific comments follow:

OIG Recommendation

Instruct United Government Services (UGS) to recover the estimated overpayment of \$857,208 for the period July 1, 1995, through June 30, 1996.

HCFA Response

We concur. While HCFA agrees to recover the overpayments, we cannot attest to the exact overpayment figure stated in the report until the responsible intermediary receives the audit work papers which OIG has agreed to furnish for these types of audits. We will send a copy of this report to the Chicago Regional Office (RO) so that it can review the audit findings and ensure that UGS, the provider's intermediary, receives the work papers from OIG needed for establishing and recouping the correct overpayment amount.

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OIG Recommendation

Instruct UGS to audit Dr. Pila HHA claims for subsequent periods of time and collect any additional overpayments identified.

HCFA Response

We concur. We will instruct our Chicago RO to work with UGS to ensure that claims previously submitted will undergo medical review and efforts will be made to collect identified overpayments.

OIG Recommendation

Take steps to ensure that home health services currently billed to Medicare by Dr. Pila HHA have the proper authorization, appropriate supporting documentation, and are otherwise allowable to reimbursement. These steps should include requiring UGS to monitor more closely the claims submitted by Dr. Pila HHA and to conduct subsequent periodic in-depth reviews of its claims.

HCFA Response

We concur. We will instruct our Chicago RO to work with UGS to ensure that 1) medical review of claims submitted by Dr. Pila HHA is performed at an appropriate level and on an ongoing basis until determined no longer necessary, and 2) efforts will be made to collect any identified overpayments.

OIG Recommendation

Instruct UGS to audit the Dr. Pila related HHA in Yauco, Puerto Rico to evaluate its Medicare payments.

HCFA Response

We concur. We will instruct our Chicago RO to work with UGS to ensure that medical review activities are ongoing until data analysis by UGS verifies that Dr. Pila HHA in Yauco, Puerto Rico is in compliance with Medicare billing requirements.